



# PERMITTING AND DEVELOPMENT FEES & BUYOUT POLICY RECOMMENDATIONS FOLLOWING OCTOBER 30, 2015 FLOOD EVENT



Development Services Department  
Office of Real Estate Services  
Watershed Protection Department

November 8, 2015



## PERMITTING AND DEVELOPMENT FEES

- Fee Waivers
- Permitting

# Fee Waivers

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- 402 homes impacted (as of 11/4/15)
- Fees are estimated to be \$974 per home
  - Includes building, electrical, plumbing, mechanical and plan review fees
- Total Fees estimated at \$391,548
- Actual fee waivers will be tracked
- Recommendation: Approve fee waivers

# Permitting

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- City code requires Council to hear requests for variances to any provision related to flood-prone areas
- Proposed ordinance will authorize the City Building Official to do the following:
  - Allow minimum life safety repairs to an existing building that was damaged by the flood provided the building is structurally sound and the repairs are not prohibited by federal flood insurance program requirements
- Substantially damaged buildings that are minimally repaired for occupancy will need to be brought into full compliance at a future date
- Recommendation: Authorize City Building Official to allow minimum life safety repairs



## BUYOUT POLICY RECOMMENDATIONS

- **Two Active Flood Mitigation Buyouts**
  - Onion Creek Buyout
  - Williamson Creek Buyout

# Onion Creek Buyout

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- Lower Onion Creek Flood Mitigation Project
  - 585 properties acquired as of November 1, 2015
    - 323 properties acquired prior to 2013 Halloween floods
    - 262 properties acquired since November 1, 2013
  - 270 properties left to acquire
    - Estimated 210 owner-occupied
    - Estimated 60 tenant-occupied
    - 56 properties currently under contract
    - 214 remaining properties in various stages of the buyout process

map current as of 11/1/2015

## Lower Onion Creek Project Area

585 Properties Acquired

- 323 Properties Acquired before 10/31/2013
  - 262 Properties Acquired since 11/1/2013
- 270 Properties Remaining to Acquire
- 56 Properties with Executed Contracts
  - 214 Properties In Process or Not Initiated

Acquired By City (585)

FEMA Area  
(4 left to acquire)

Army Corps Area  
(26 left to acquire)

25-Year Area  
(23 left to acquire)

100-Year Area  
(217 left to acquire)

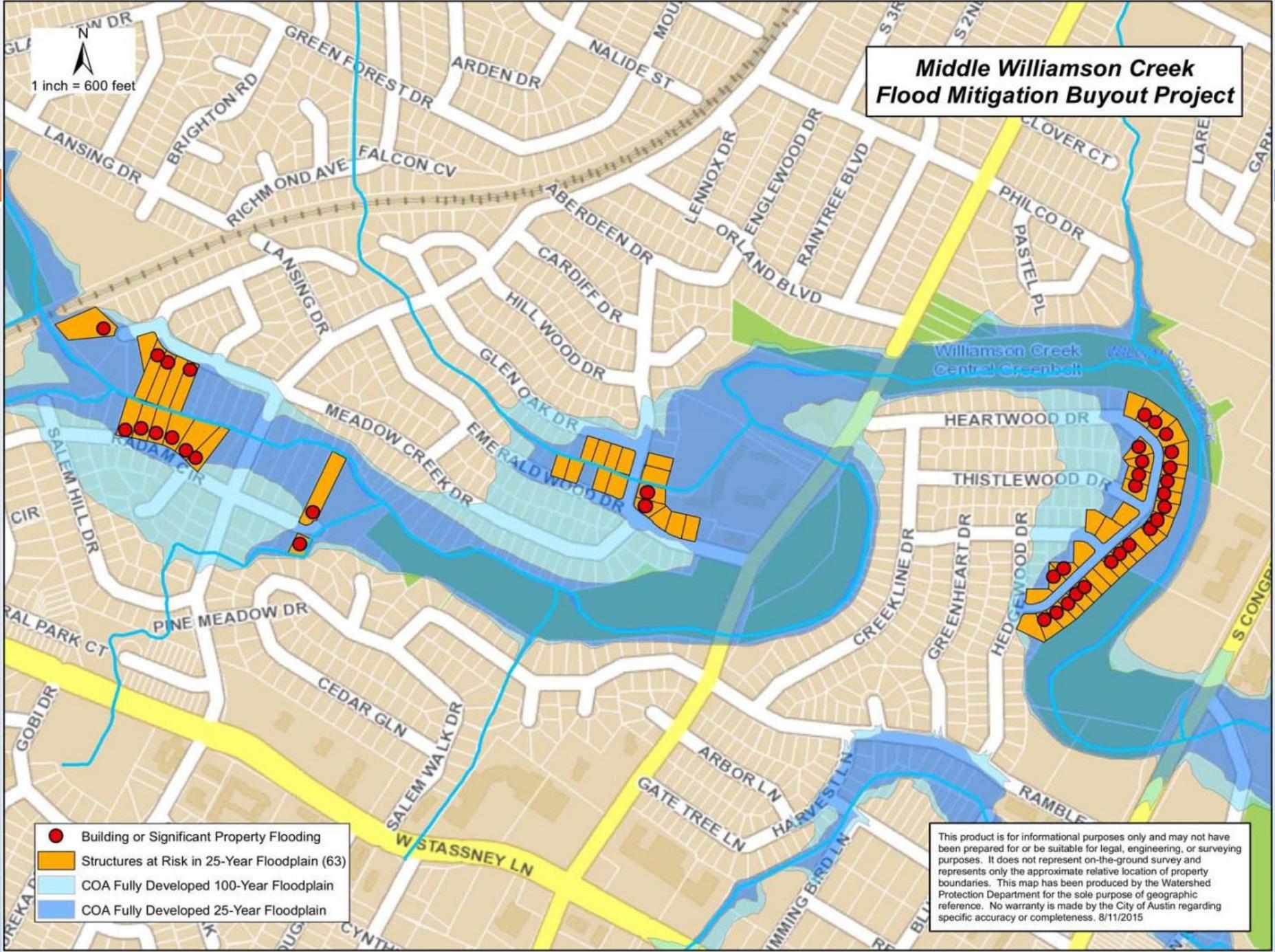
# Williamson Creek Buyout

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- Middle Williamson Creek Flood Mitigation Project
  - 66 properties at risk of flooding during a 25-year flood
    - 3 properties acquired in FY14
    - 63 properties left to acquire
  - 38 properties currently approved for buyouts
    - Estimated 32 owner-occupied
    - Estimated 6 tenant-occupied
    - 18 appraisals conducted prior to October 30, 2015 flood event
  - 25 remaining properties at-risk, not approved

# Middle Williamson Creek Flood Mitigation Buyout Project

1 inch = 600 feet



- Building or Significant Property Flooding
- Structures at Risk in 25-Year Floodplain (63)
- COA Fully Developed 100-Year Floodplain
- COA Fully Developed 25-Year Floodplain

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# Buyout Policy Questions

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- Appraisals and Offers
  - Will appraisal and offer be made on pre-flood or post-flood (as-is) value of the home?
- Insurance on Structure
  - Should structural insurance claims be subtracted from the fair-market value purchase offer?
- Occupancy
  - Will the occupancy requirement for relocation benefits be waived due to extenuating circumstance?

# Property Appraisals

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- Will appraisal & offer be made on pre-flood or post-flood (as-is) value of the home?
  - U.S. Army Corps of Engineers (CORPS) and Federal Emergency Management Agency (FEMA) require pre-flood appraisals and the deduction of insurance from the pre-flood value.
- Recommendation: Appraise remaining properties in designated buyout areas at pre-flood condition (10/29/15) in order to remain consistent among multiple funding sources.

# Flood Insurance Claims

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- Should structural insurance claims be subtracted from the fair-market value purchase offer?
  - CORPS and FEMA require insurance claims collected on structure to be deducted from pre-flood value.
  - Owners that make repairs and submit receipts will have receipted costs added back to the offer.
- Recommendation: Deduct structural insurance claim from pre-flood value and add in any funds spent on repairs with documented receipts.



## EXAMPLES: PURCHASE OFFER

- Pre-flood value with insurance deducted and repairs added
- Pre-flood value without insurance deduction

# Purchase offer based on pre-flood value with insurance deduction and repairs

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	<b>Amount Paid to Property Owner</b>
Pre-Flood Fair Market Value (FMV)	\$150,000.00
<b>Insurance Claim</b>	<b>(\$50,000.00)</b>
Offer with Insurance Deduction	\$100,000.00
Receipted Repairs	+ \$15,000.00
<b>Total Offer by City (with Insurance Deduction &amp; Receipted Repairs)</b>	<b>\$115,000.00</b>
Remaining Insurance Benefit Received	+ \$35,000.00
<b>Total Amount Received by Owner</b>	<b>\$150,000.00</b>

- In this scenario, the owner is made whole for the structure based on the fair-market value of the property.
- Relocation Benefits are in addition to the Pre-Flood FMV

# Purchase offer based on pre-flood value without insurance deduction or repairs

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	<b>Amount Paid to Property Owner</b>
Offer Based on Pre-Flood FMV	\$150,000.00
Insurance Claim	+ \$50,000.00
Offer + Insurance Claim	\$200,000.00
<b>Repairs</b>	<b>(\$15,000.00)</b>
Total Amount Received by Owner	\$185,000.00

- In this scenario, there is a duplication of benefits of \$35,000 between the purchase offer from the City and the structural insurance claim.
- Relocation Benefits are in addition to the Pre-Flood FMV

# Occupancy Requirement

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- Two types of occupancy
  - Owner-occupied homes – Owner lives in the home
  - Tenant-occupied home – Tenant lives in the home
- Federal laws and current policy require home occupancy at the time of the initiation of negotiations to be eligible for relocation benefits.

# Occupancy Requirement

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- Will the occupancy requirement for relocation benefits be waived due to extenuating circumstance?
  - Under CORPS & FEMA, owners who do not occupy a home for a “reasonable time” after a recent flood event may be eligible for relocation benefits.
  - After October 2013 Flood Event, the occupancy requirement was waived.
- Recommendation: Consider owners and tenants who occupied the home as of 10/29/15 to be eligible for relocation benefits, unless there is a new occupant at the time of the offer or there is a change of ownership.

# Summary of Recommendations

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- For properties remaining to be acquired in the existing Onion Creek & Williamson Creek Buyout areas:
  - Appraise properties in pre-flood condition as of 10/29/15.
  - Subtract insurance claims from pre-flood value and add in any receipted repairs.
  - Make owners and tenants who occupied the home as of 10/29/15 eligible for relocation benefits, unless occupant or ownership has changed.

# Questions?